



# 2011 Annual Results Announcement

31 March 2012



中国太平洋保险(集团)股份有限公司  
China Pacific Insurance (Group) Co.,Ltd.

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# Key operating results

Unit: RMB million

Scale indicators	2011	Change (%)
Insurance GWP <sup>1</sup>	154,958	↑ 11.0
Life insurance	93,203	↑ 6.1
P&C insurance	61,687	↑ 19.5
Market share	10.8%	n.a.
Life insurance	9.7%	n.a.
P&C insurance	12.9%	↑ 0.1pt
Total assets of the Group	570,612	↑ 19.9
Investment assets	522,530	↑ 19.9

Note: 1. GWP represents gross written premium

Value indicators	2011	Change (%)
Group embedded value	113,564	↑ 3.2
Life insurance value of one-year's sales	6,714	↑ 10.1
P&C insurance combined ratio	93.1%	↓ (0.6pt)
Net profit <sup>1</sup>	8,313	↓ (2.9)
ROE <sup>2</sup>	10.8%	↑ 0.1pt
Dividends per share (RMB) <sup>3</sup>	0.35	-
Solvency ratios	2011	Change (%)
The Group	284%	↓ (73pt)
Life insurance	187%	↓ (54pt)
P&C insurance	233%	↑ 66pt

Note: 1. Net profit attributable to the parent's shareholders

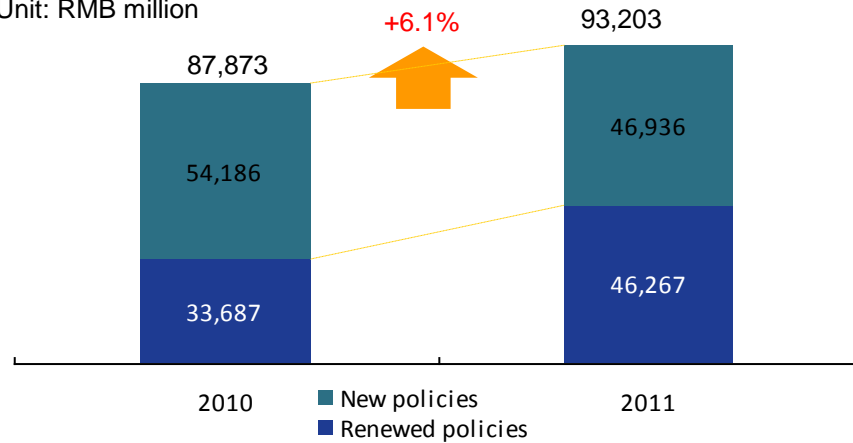
2. ROE refers to fully diluted return on net assets

3. The 2011 profit distribution proposal is subject to approval by the AGM

# Effective strategy of "focusing on agency channel and regular premium business"

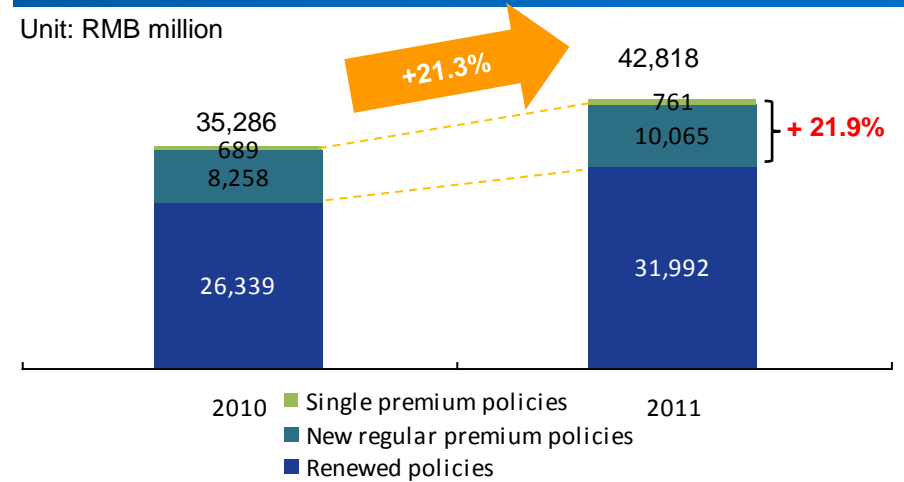
## Life insurance GWP

Unit: RMB million

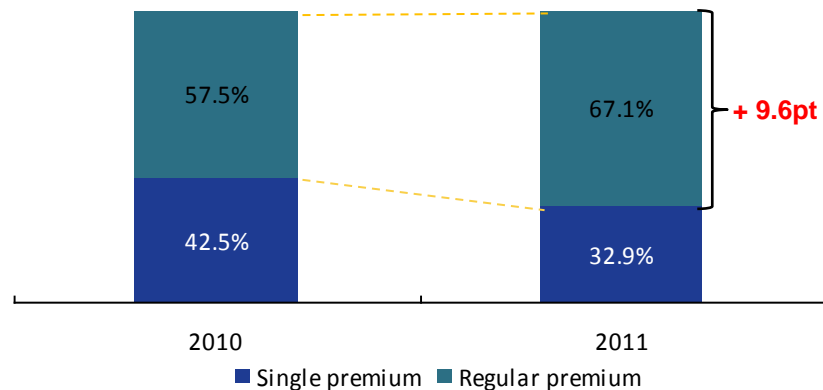


## GWP through agency channel

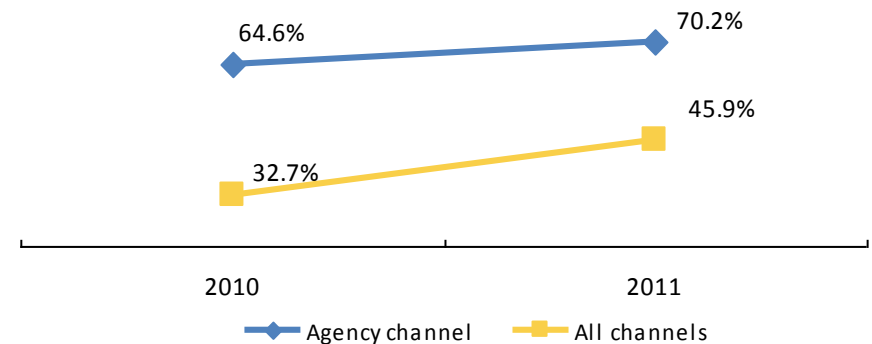
Unit: RMB million



## Percentage of regular premium policies in total GWP



## Percentage of 10 year plus regular premiums in new policies

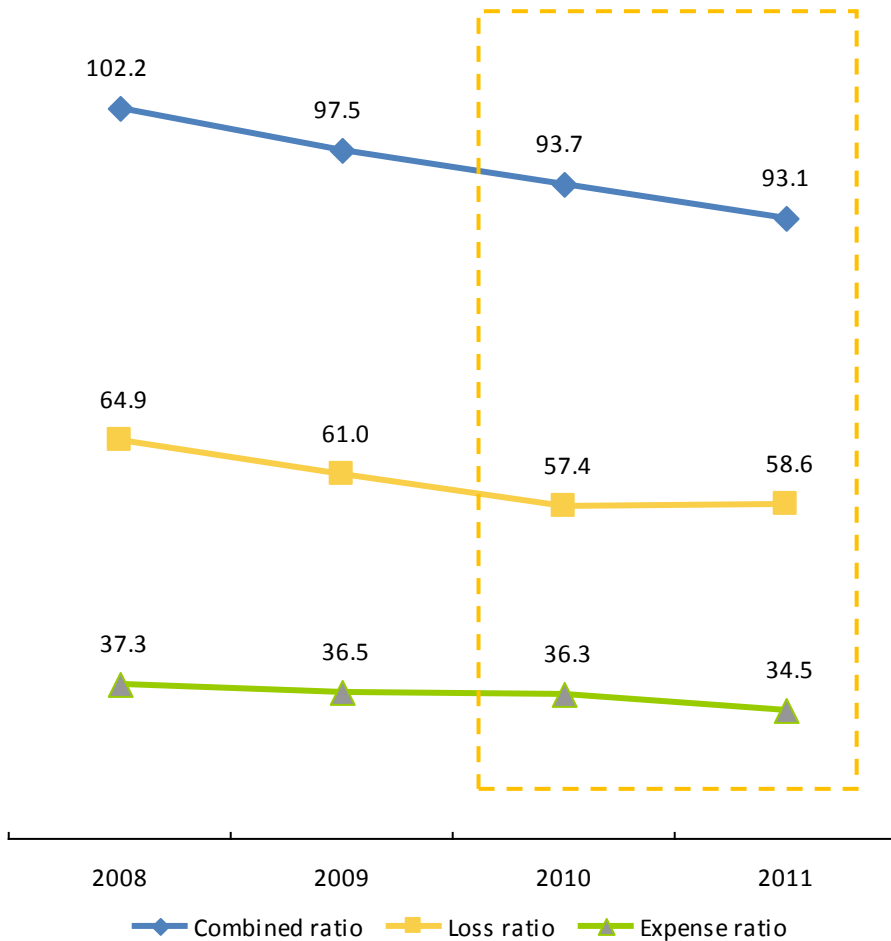


Note: Regular premium = regular premium from new policies + renewed policies

# Industry leading combined ratio and record high profits

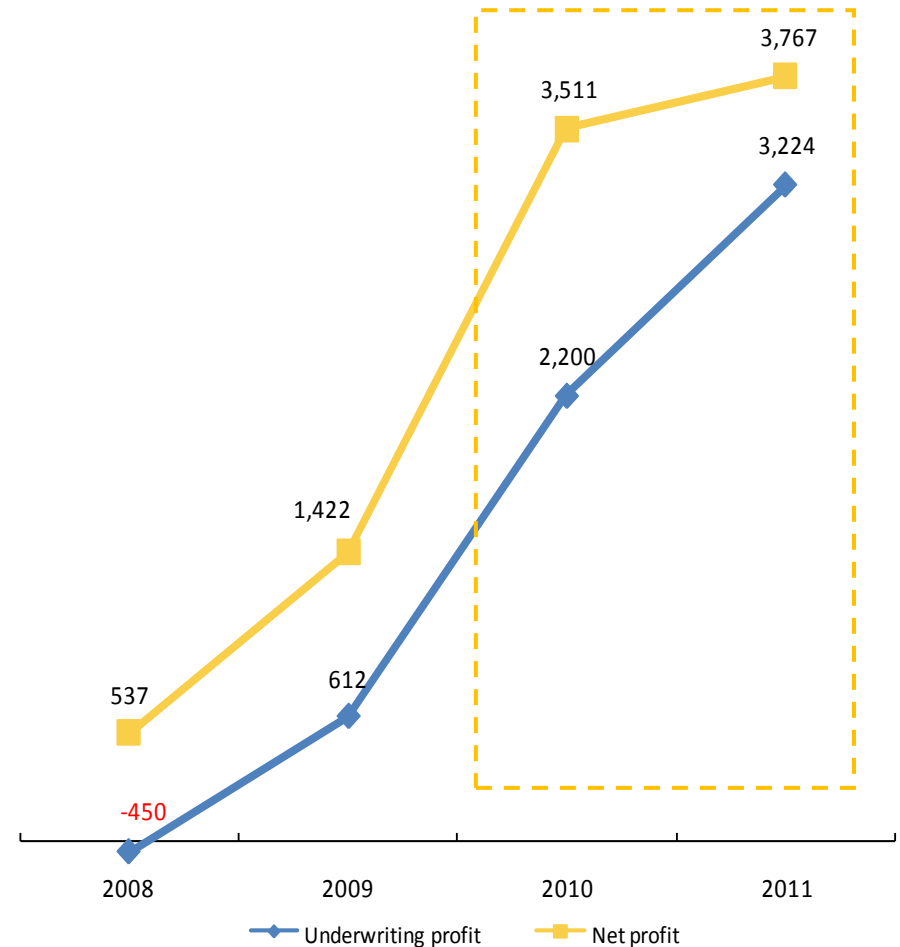
## Combined ratio

Unit: %



## Net profit and underwriting profit

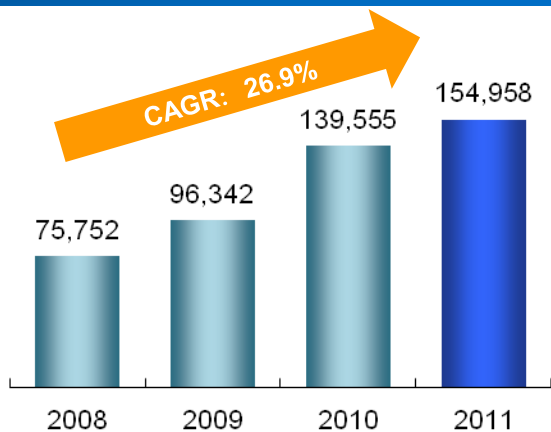
Unit: RMB million



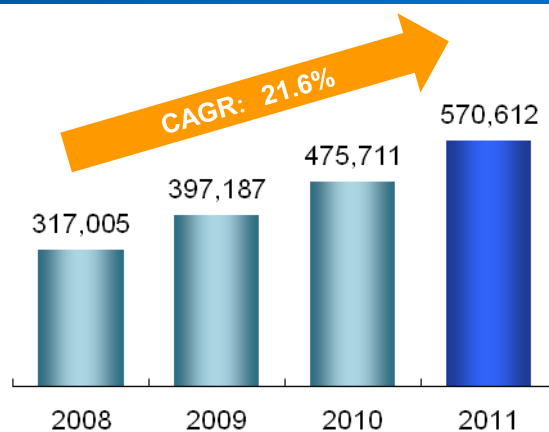
# Sustained prudent and value-driven growth

Unit: RMB million

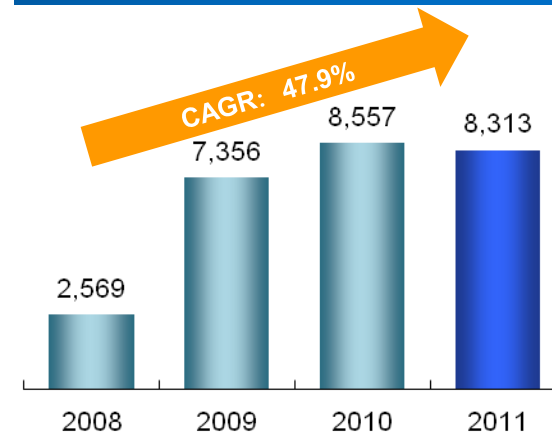
## GWP of the Group



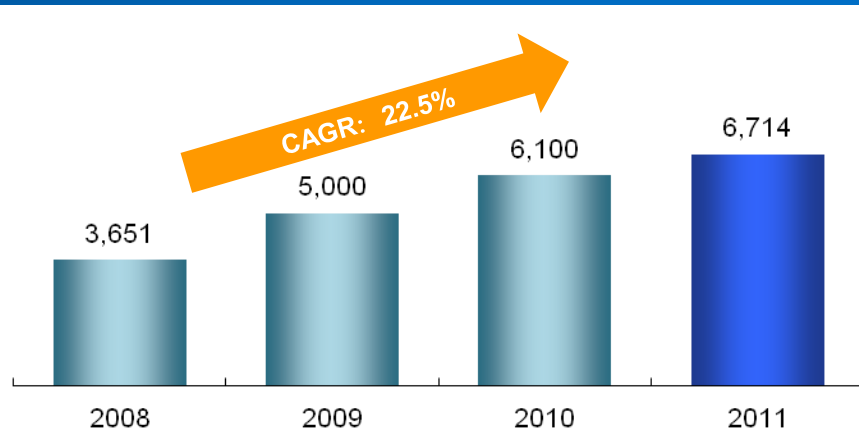
## Total assets of the Group



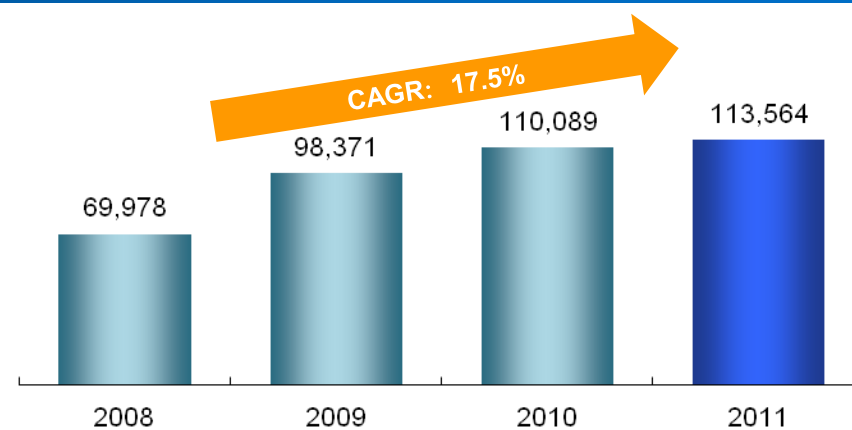
## Net profit of the Group\*



## Life insurance value of one-year's sales



## Embedded value of the Group



Note: \* Net profit attributable to equity holders of the parent

# Outlook for 2012

In 2012, CPIC aims capture opportunities to make progress while maintaining stability and strive for achievements. CPIC will actively promote the “customer demand-oriented” strategic transformation, take full advantage of an integrated insurance group platform and promote sustainable value-enhancing growth.

- Adhere to operating strategies that conforms to economic cycle to maintain a stable and rapid business growth
- Innovate and optimize sales and claims handling procedures to enhance customer experience and service quality
- Continue the optimization of internal risk control system to mitigate systematic risks
- Accelerate the implementation of strategic transformation initiatives to strive for new achievements in strategic transformation
- Effectively optimize resources allocation so as to enhance profitability

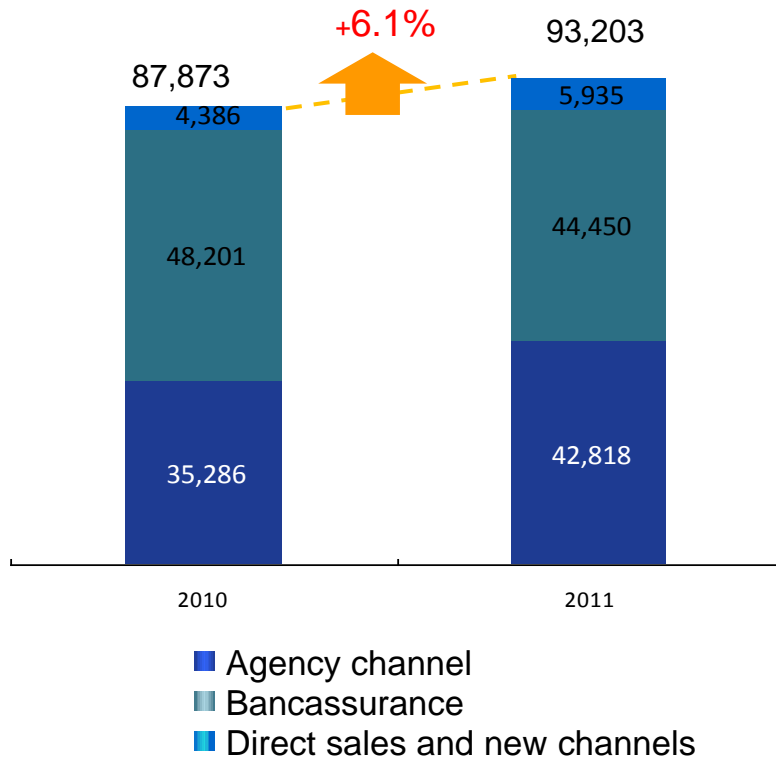
# Business Review



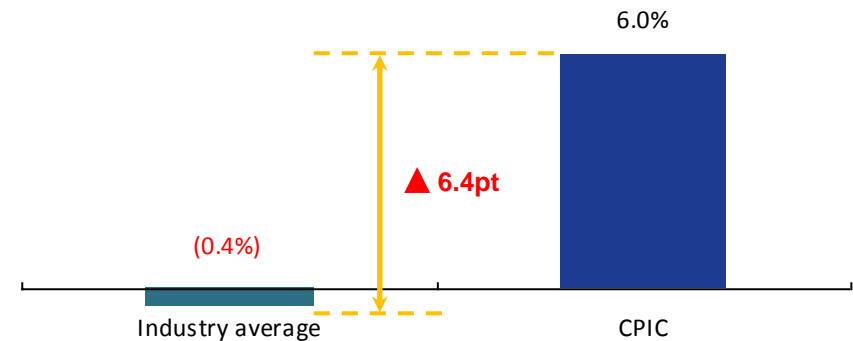
# Steady life insurance business growth and increased value-creation capabilities

## Life insurance GWP

Unit: RMB million

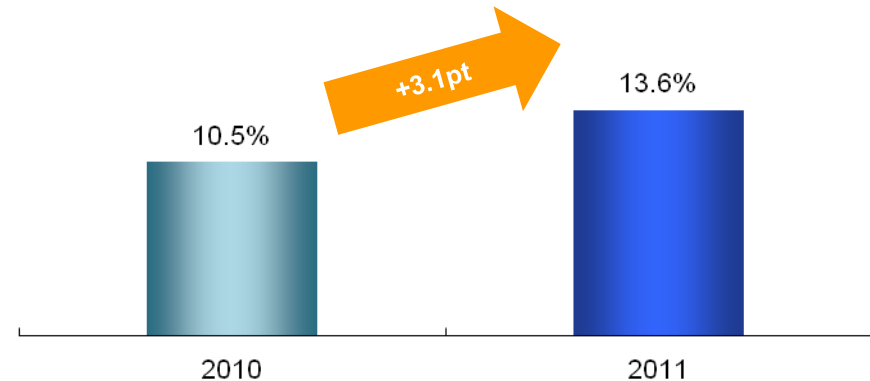


## YoY growth of standard premium from life insurance in 2011



Source: CIRC

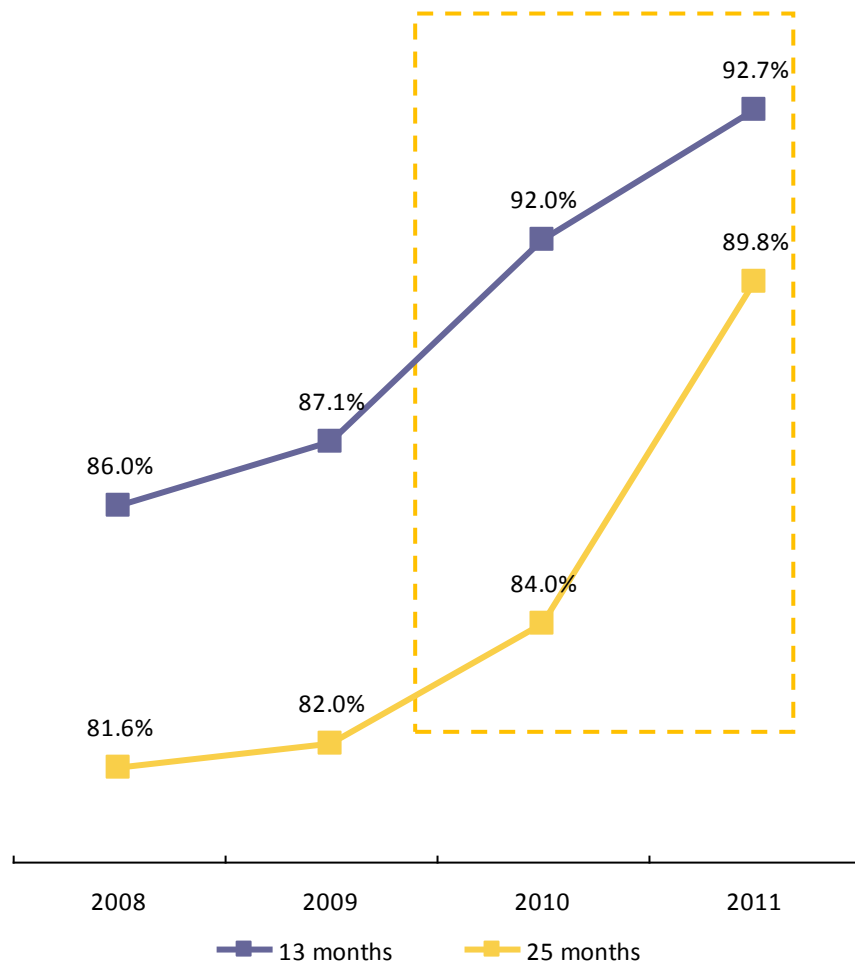
## Life insurance new business margin



Note: New business margin = value of one year's sales / total written premiums of new life insurance policies

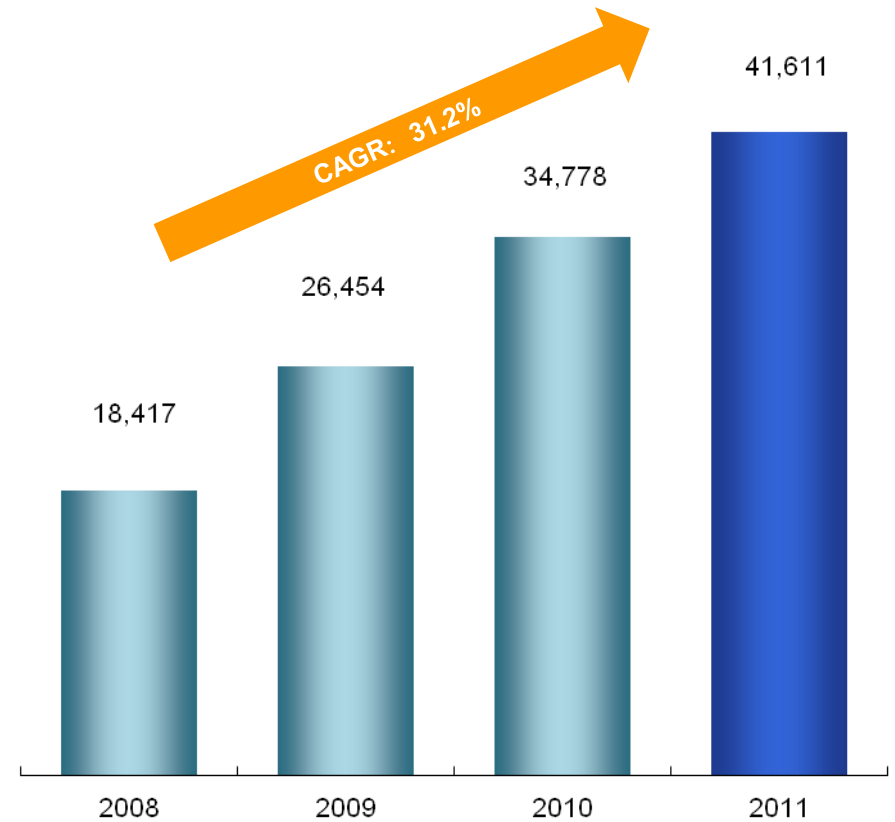
# Continued increase in business quality

## Persistency ratio of individual life insurance policies



## Life insurance value of in-force business

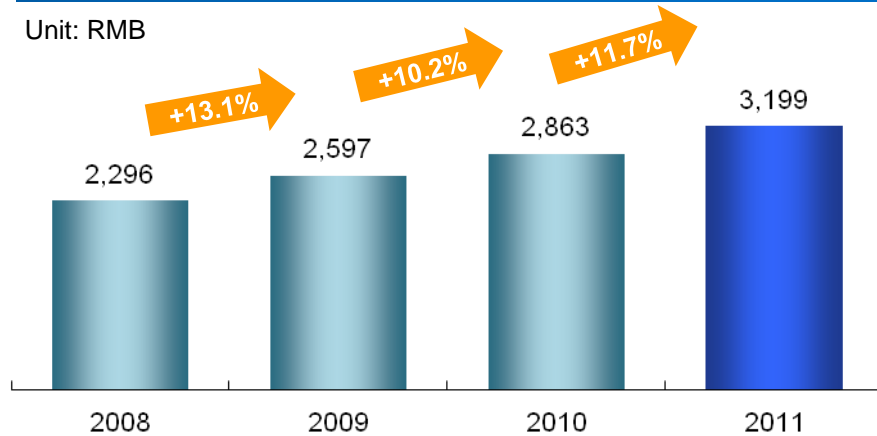
Unit: RMB million



# Agency channel maintains relatively fast growth

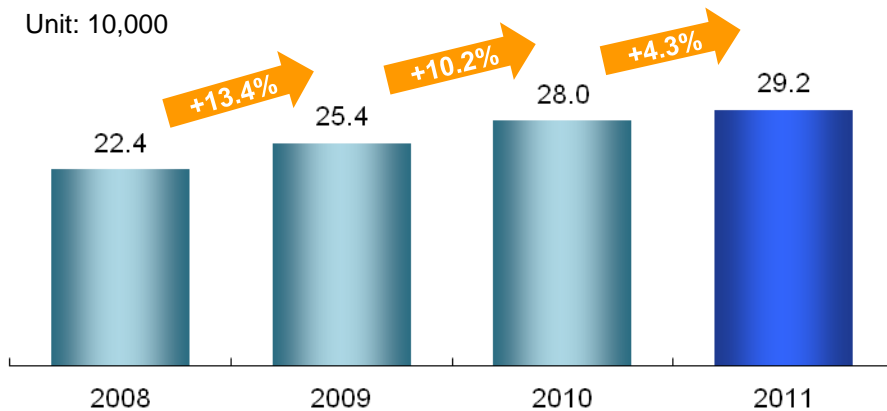
## Monthly FYP per agent

Unit: RMB



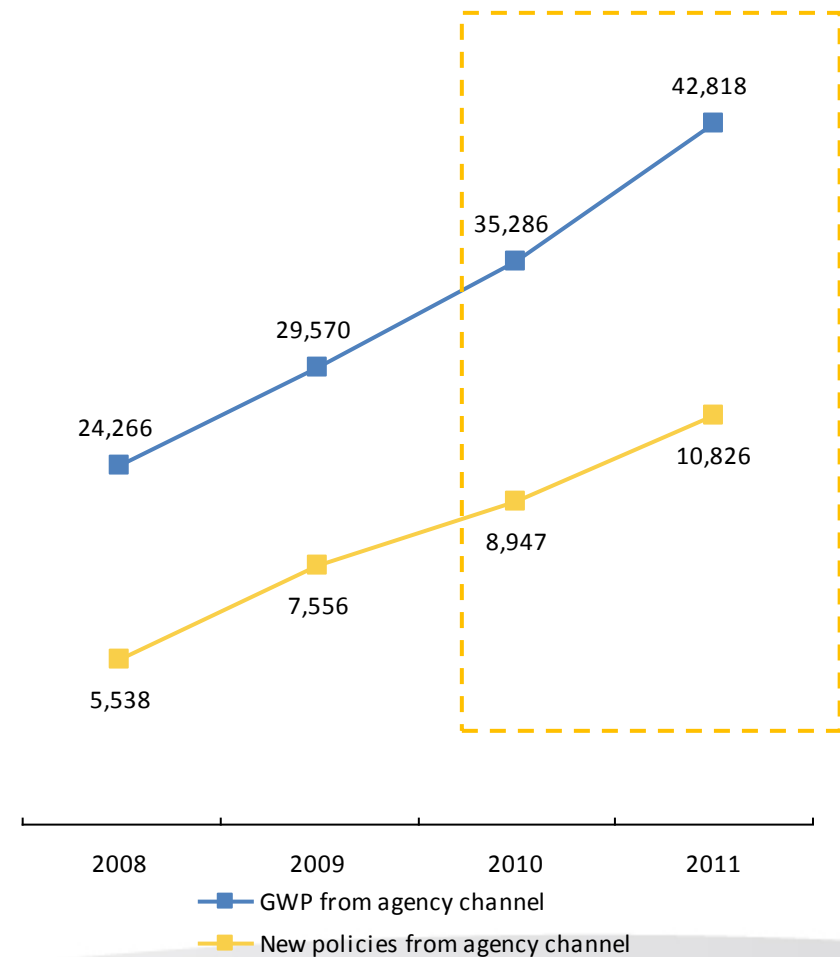
## Agent number

Unit: 10,000



## GWP from agency channel

Unit: RMB million

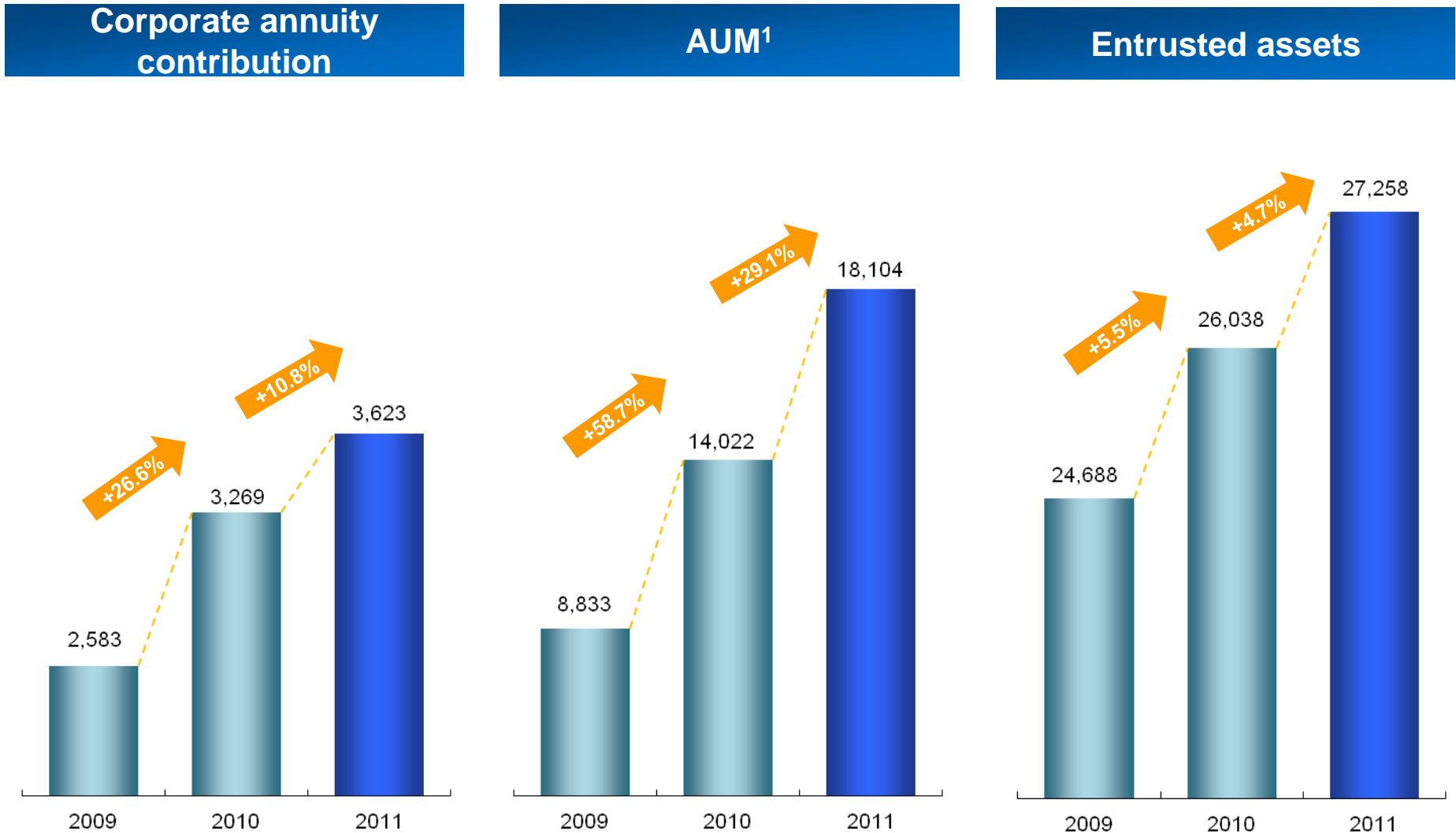


# Development of bancassurance, direct sales and new channels

Unit: RMB million	2011	2010	Change (%)
<b>Bancassurance</b>			
Insurance GWP	44,450	48,201	↓ (7.8)
New policies	30,512	41,100	↓ (25.8)
Renewed policies	13,938	7,101	↑ 96.3
<b>Direct sales</b>			
Insurance GWP	5,427	4,147	↑ 30.9
New policies	5,285	4,008	↑ 31.9
Renewed policies	142	139	↑ 2.2
<b>New channels</b>			
Insurance GWP	508	239	↑ 112.6
New policies	313	131	↑ 138.9
Renewed policies	195	108	↑ 80.6

# Steady scale expansion of Changjiang pension

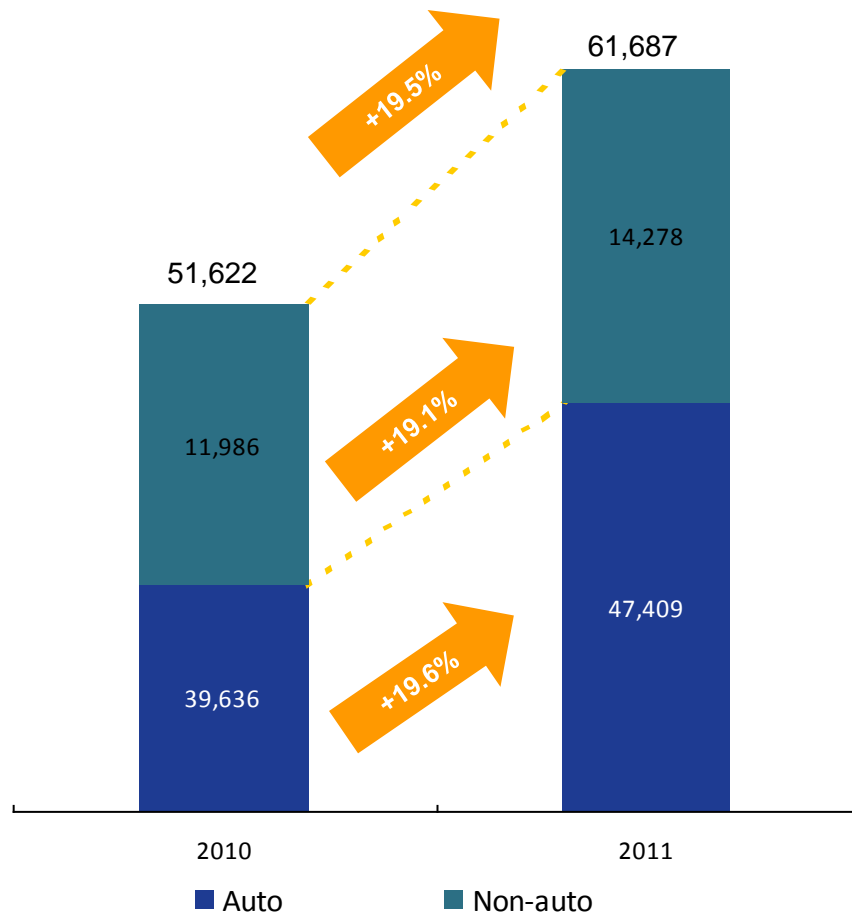
Unit: RMB million



# Relatively fast growth of P&C business and leading combined ratio

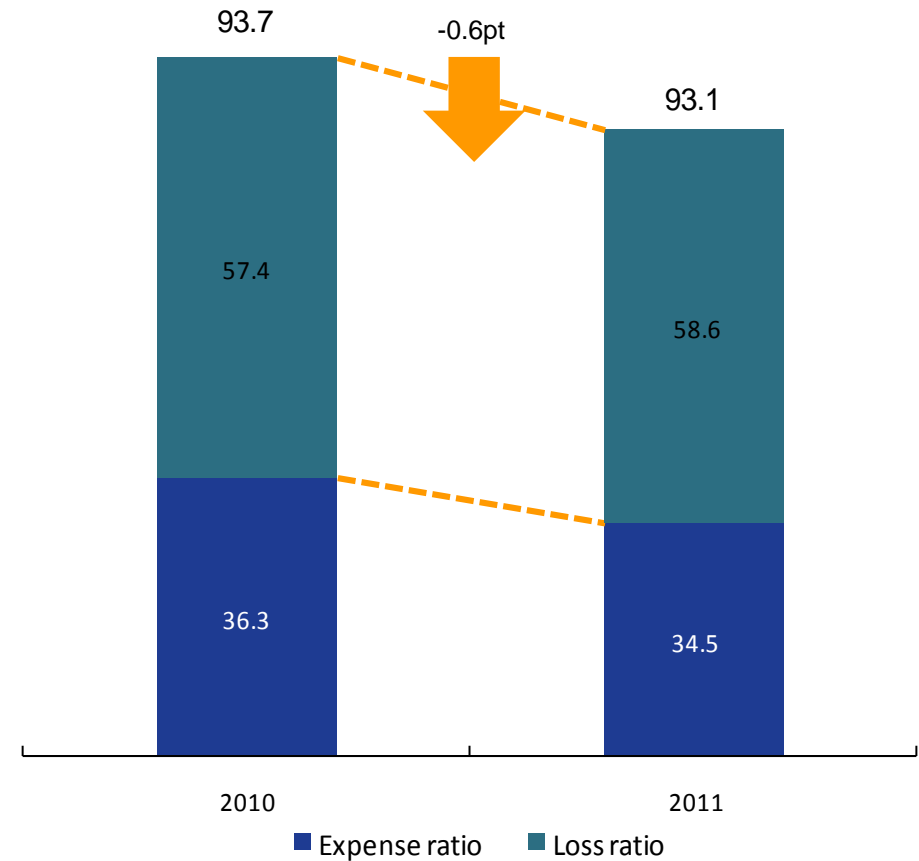
## P&C insurance GWP

Unit: RMB million



## Combined ratio

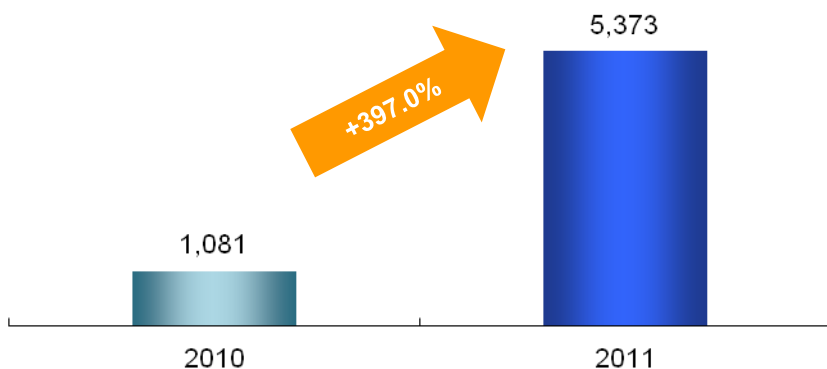
Unit: %



# Effective development of new channels

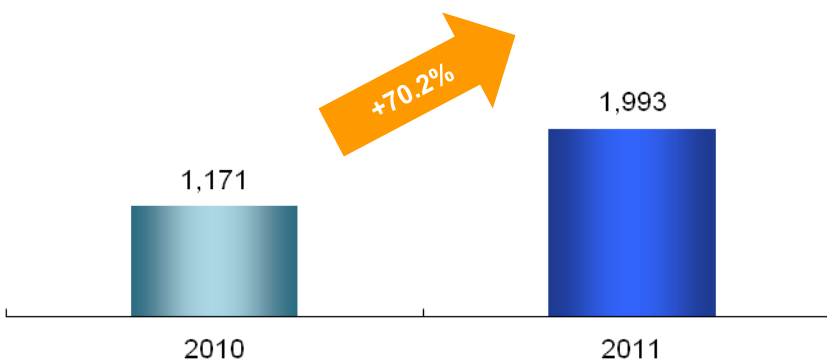
## GWP from P&C telemarketing

Unit: RMB million



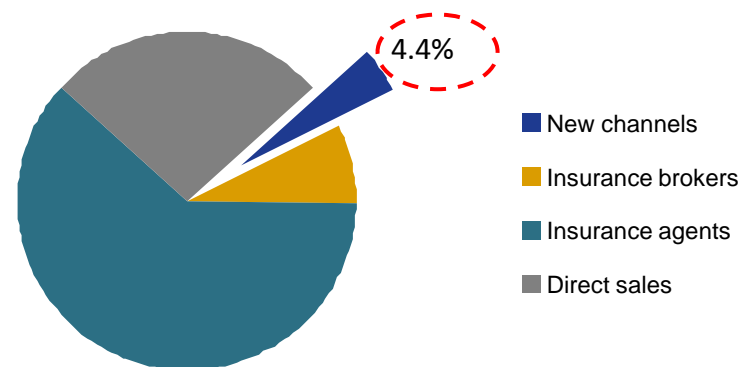
## GWP from cross-selling

Unit: RMB million

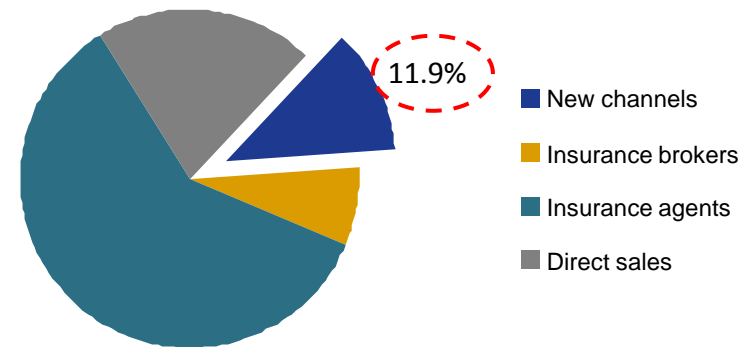


## Percentage of GWP from new channels

2010



2011



# Continued customer experience upgrading and gradual increase in customer loyalty

## Standardized service system

Strive to develop an open and transparent claim management system and a quick, easy and standardized service system, and form an industry-leading "3G fast claims system". Optimize the self-service system of claims, and make claim information enquiry possible in the self-service system for all insurance types

## Star service outlets

First in the industry to introduce an on-site management star-rating model, and to build the first 12 star service outlets

## Renewal rate of commercial auto insurance

By strengthening the management of renewed policies and promoting the management system for renewed auto insurance policies, the Company realized a 5.5 percentage points YoY increase in the renewal rate for commercial auto insurance in 2011

## Renewal rate of corporate client policies

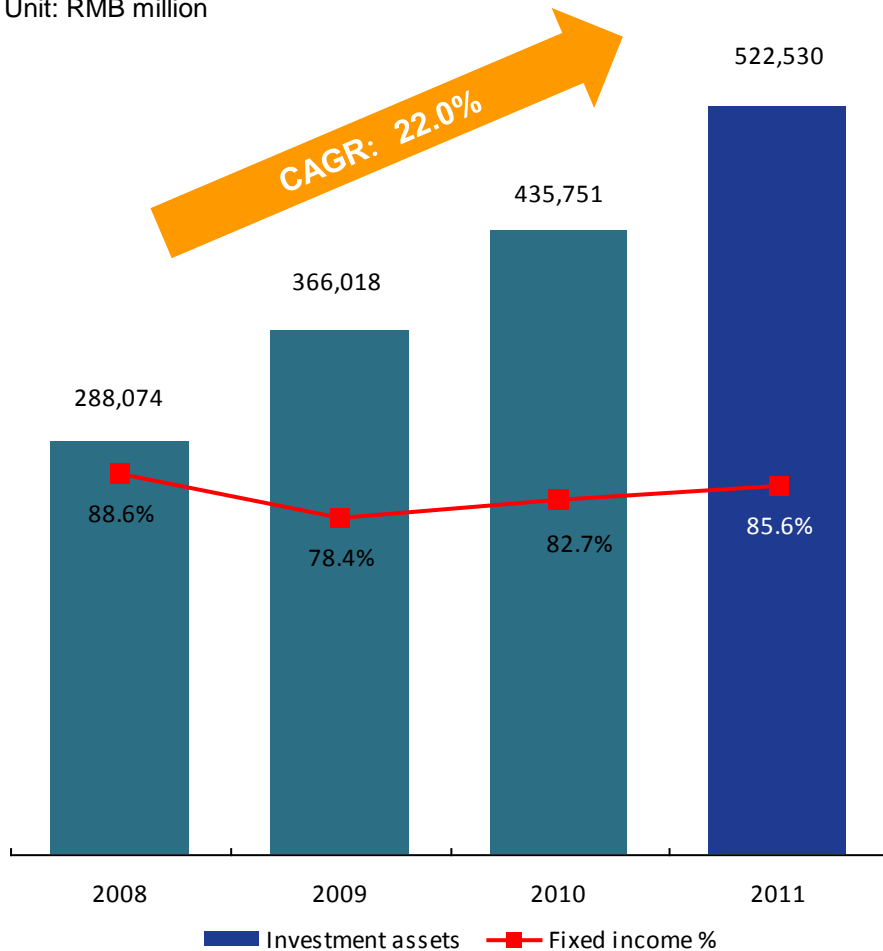
Expand the tracking system for P&C insurance corporate clients to improve renewal rate. The renewal rate of medium size and above P&C insurance corporate clients has increased 7.4 percentage points YoY



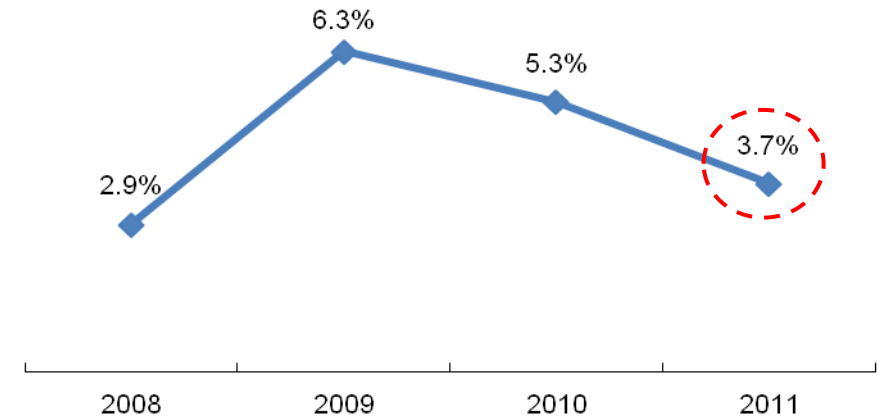
# Increased fixed-income assets allocation to take advantage of the upward cycle of interest rates

## Investment assets and percentage of fixed-income assets

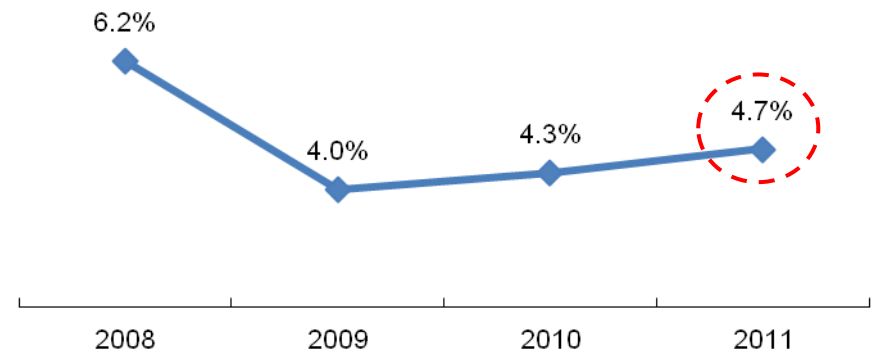
Unit: RMB million



## Total investment yield



## Net investment yield



# Optimized asset allocations centered on asset and liability management

Unit: %	2011	2010	Changes	
Fixed income investments	85.6	82.7	↑	2.9pt
Debt securities	53.0	53.4	↓	(0.4pt)
Term deposits	26.3	24.4	↑	1.9pt
Debt investment plans	4.9	3.7	↑	1.2pt
Other fixed income investments <sup>1</sup>	1.4	1.2	↑	0.2pt
Equity investments	10.3	12.7	↓	(2.4pt)
Investment funds	3.9	5.7	↓	(1.8pt)
Equity securities	5.2	5.7	↓	(0.5pt)
Other equity investments <sup>2</sup>	1.2	1.3	↓	(0.1pt)
Investment properties	1.2	0.6	↑	0.6pt
Cash and cash equivalents	2.9	4.0	↓	(1.1pt)

Note:

1. Other fixed income investments include restricted statutory deposits, policy loans and wealth management products.
2. Other equity investments include unlisted equity securities, etc.

# Business plan for 2012

2012 will be a year of difficulties and opportunities. Faced with many challenges and changes, CPIC will focus on the strategic transformation based on clients demand. CPIC will focus on understanding customers' needs, improve customer interaction, enhance customer experience. Through effective strategic directives, CPIC strives to realize the steady growth of the company's business and value.

CPIC life will continue its growth strategy of focusing on agency channel and regular premium business, sustain value contribution from agency channel, and further promote the transformation of the bancassurance business.

CPIC P&C will further refine management, strengthen the growth of new channels and improve the retention rate of targeted clients. CPIC P&C aims to realize a steady growth in market share while sustaining steady underwritten profits.

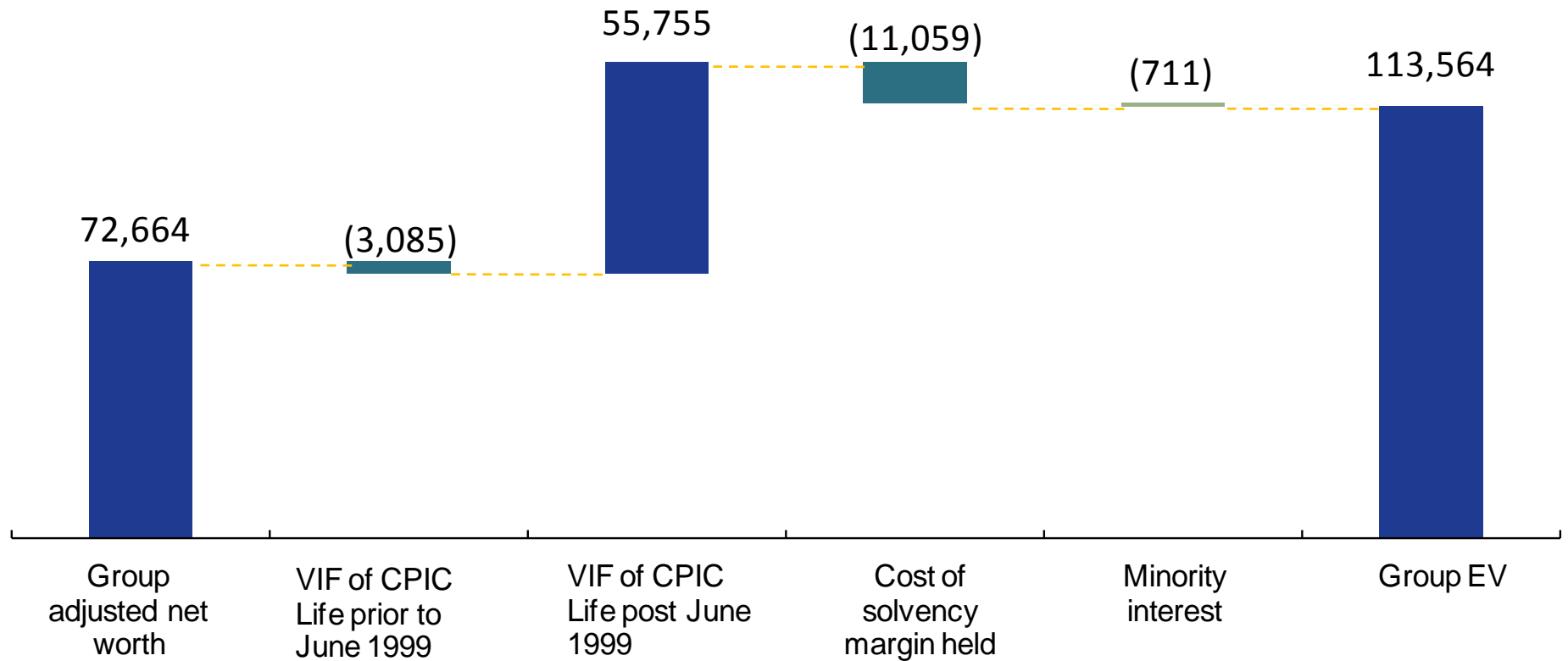
CPIC Asset Management will continue its prudent investment strategy, improve asset allocation and investment management capability, and strive to realize and sustain steady investment yields amidst market volatility.

# Embedded value

# Composition of embedded value

## Embedded value composition as of 31 Dec 2011

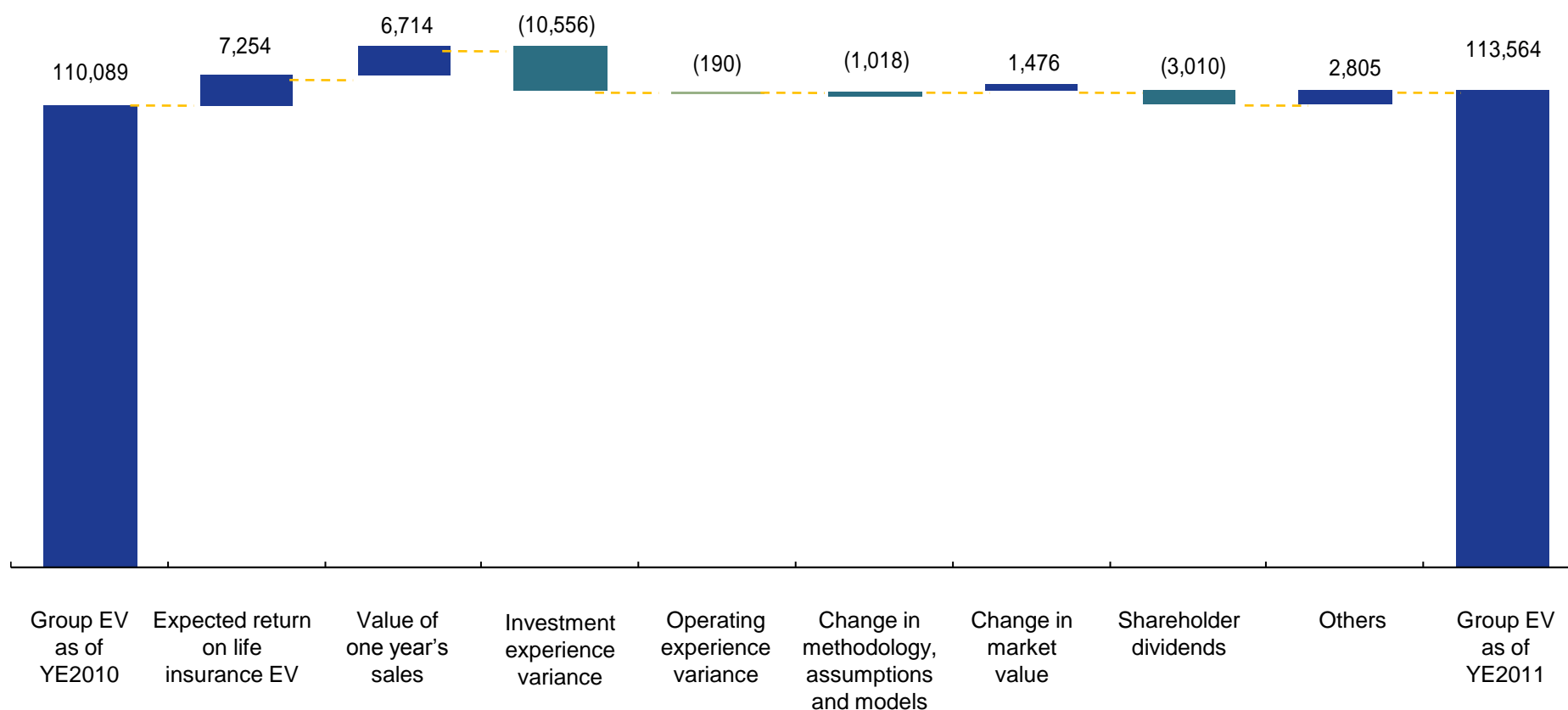
Unit: RMB million



# Analysis of changes in embedded value

## Changes in embedded value in 2011

Unit: RMB million

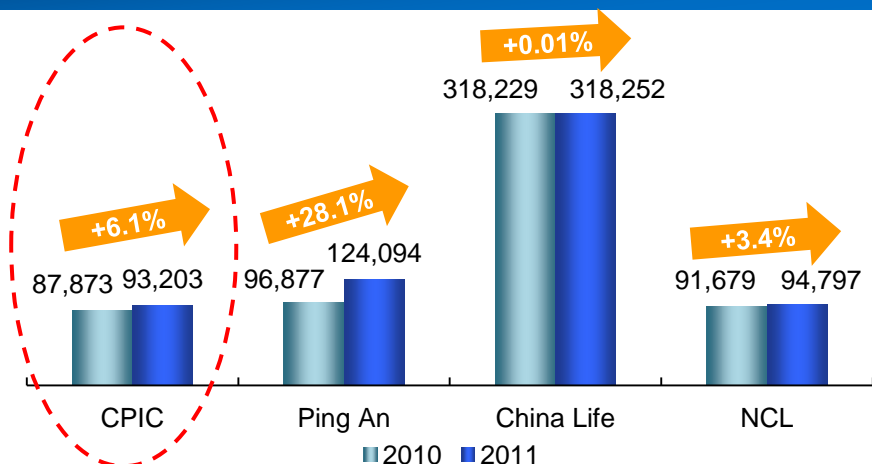


# Industry benchmarking

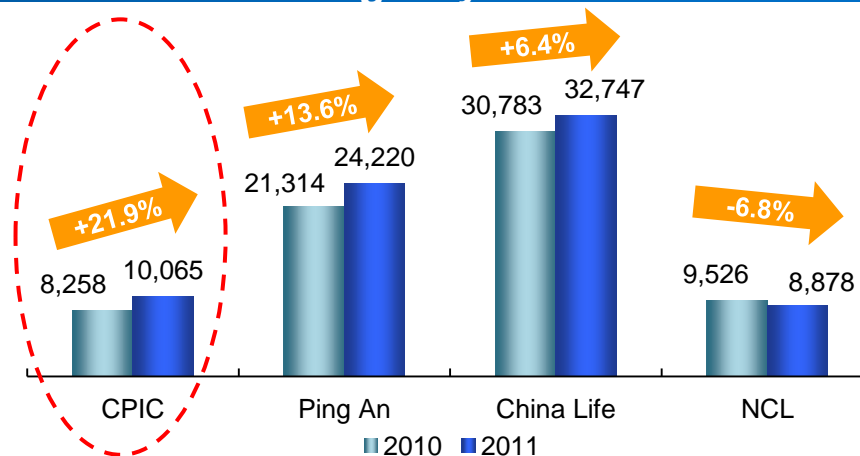
# Industry benchmarking - Life insurance business(1/2)

Unit: RMB million

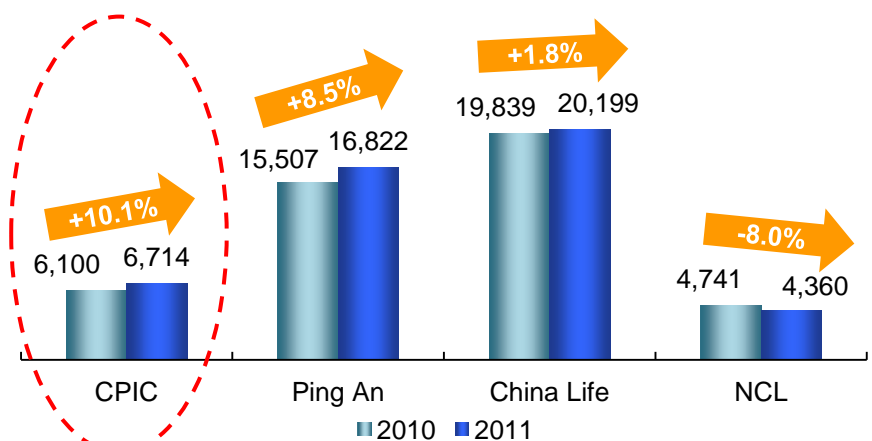
## Life insurance GWP



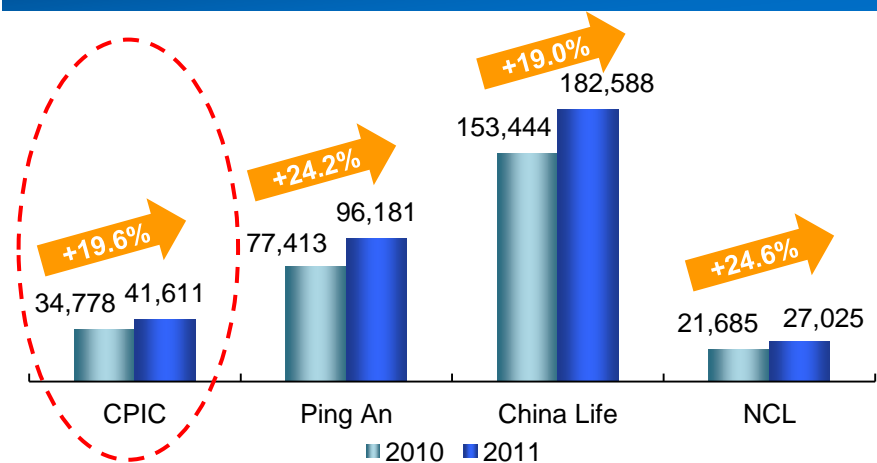
## Regular premiums in new policies from agency channel



## Value of one-year's sales



## Value of in force business

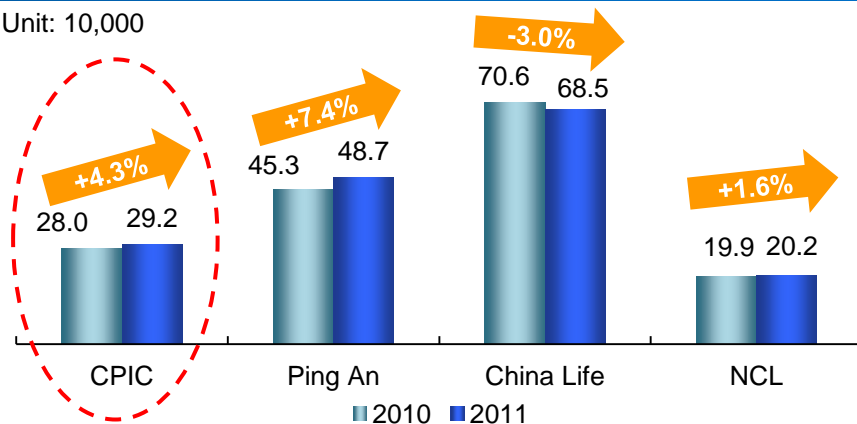




# Industry benchmarking - Life insurance business(2/2)

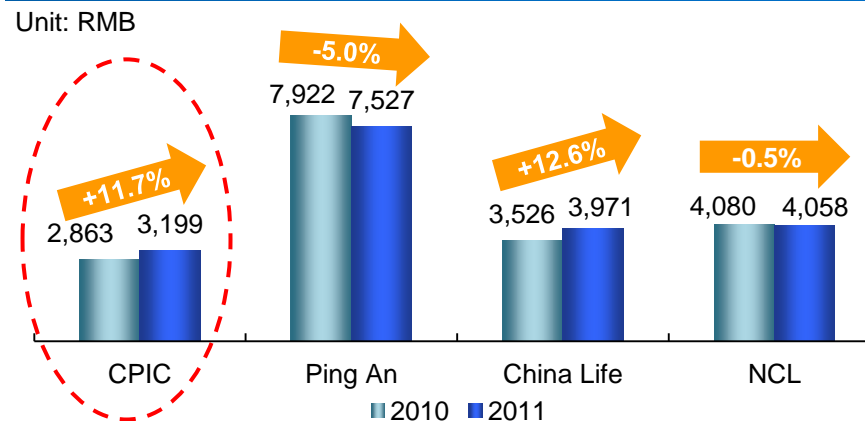
## Agent number

Unit: 10,000



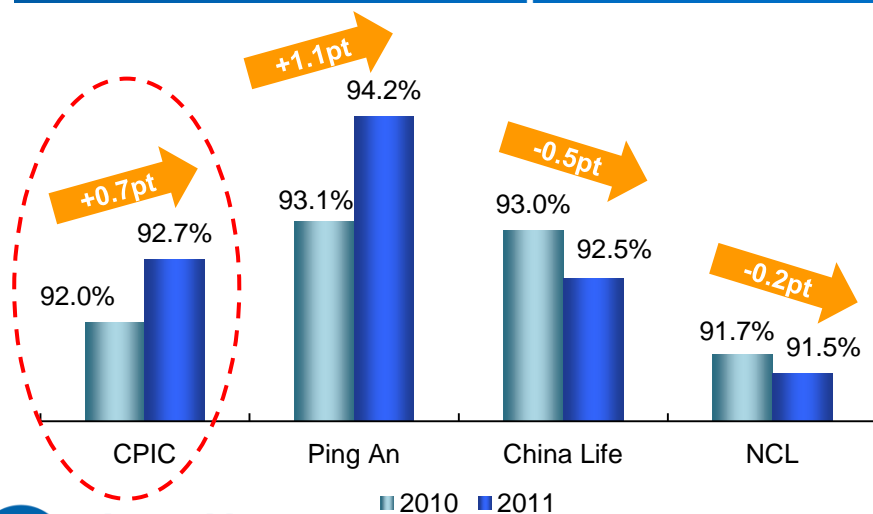
## Monthly FYP per agent

Unit: RMB

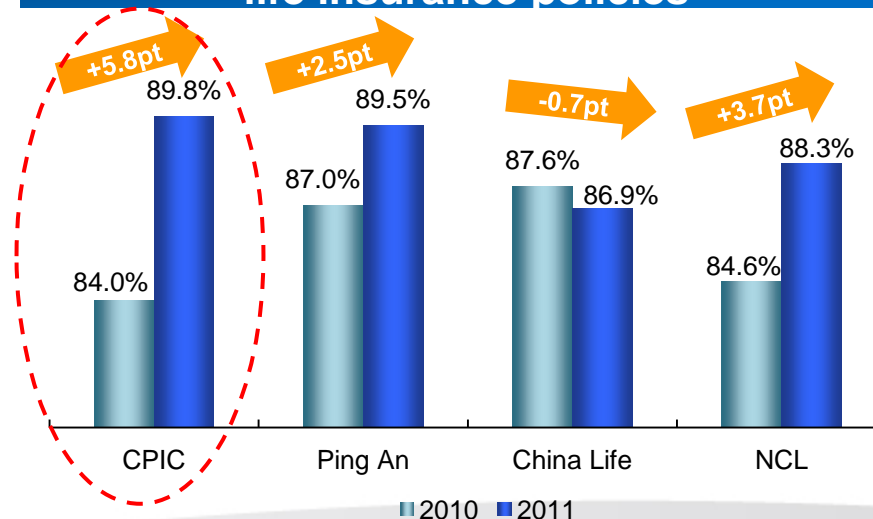


Note: The data of China life and NCL are from analyst reports.

## 13-month persistency ratio of individual life insurance policies



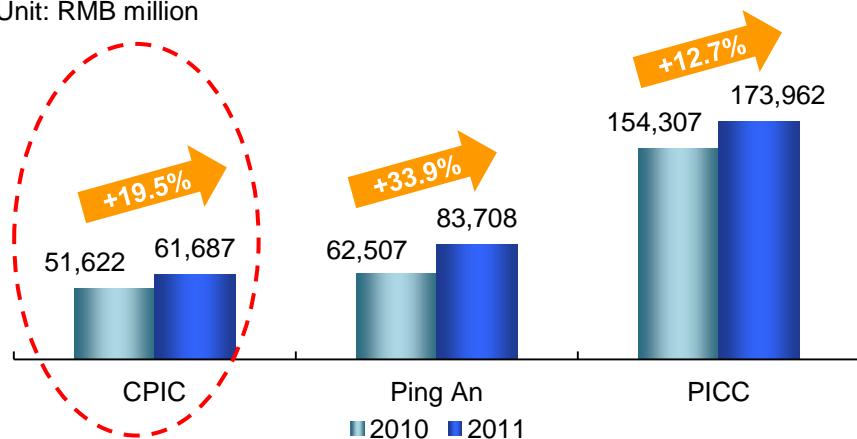
## 25-month persistency ratio of individual life insurance policies



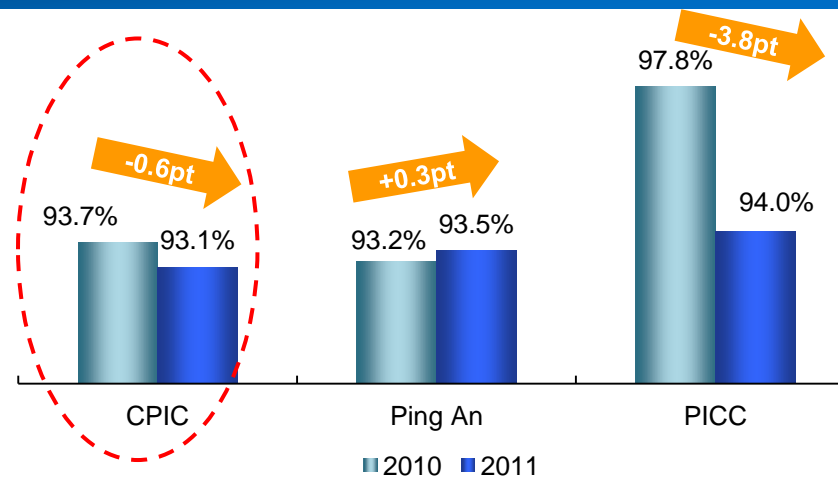
# Industry benchmarking - P&C business and asset management

## P&C insurance GWP

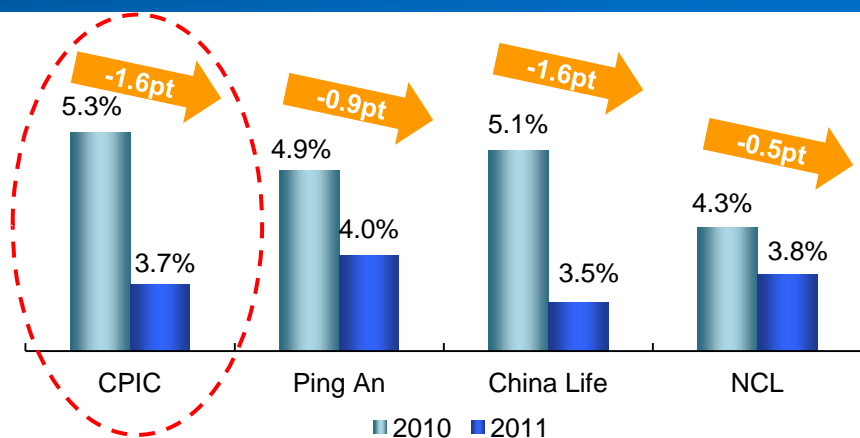
Unit: RMB million



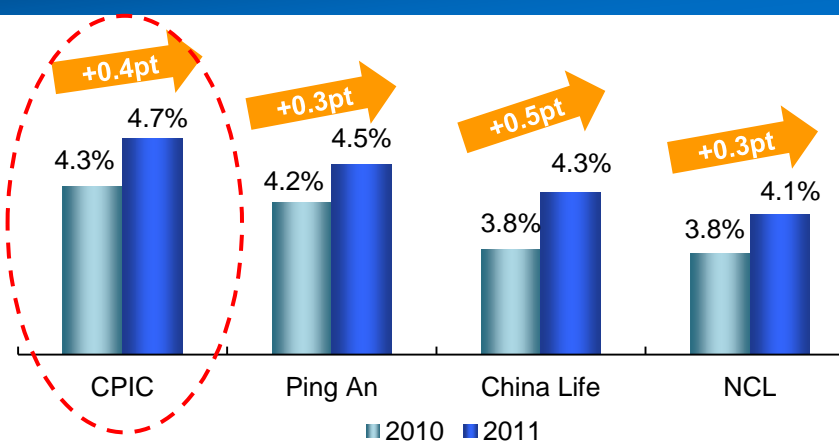
## Combined ratio



## Total investment yield



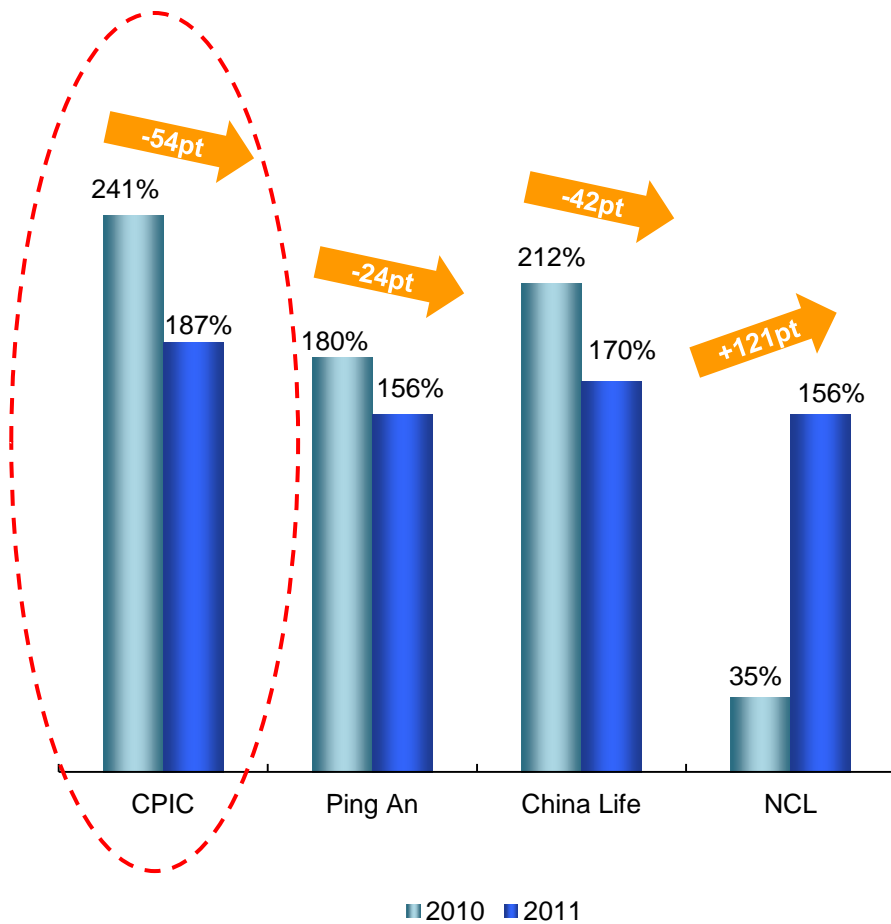
## Net investment yield



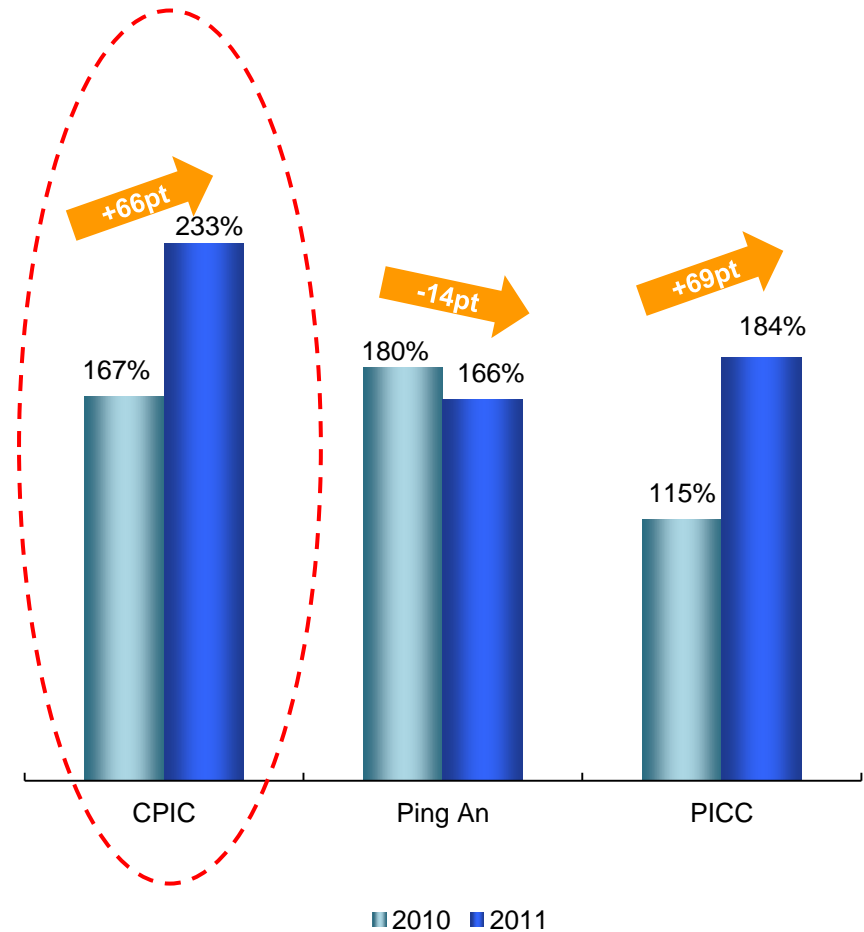
Source of the investment yields : annual reports.

# Industry benchmarking - Solvency ratio

## Solvency ratio of Life insurance



## Solvency ratio of P&C insurance



# Q&A



中国太平洋保险(集团)股份有限公司  
China Pacific Insurance (Group) Co.,Ltd.